GOVERNMENT OF ANDHRA PRADESH

ABSTRACT

E,I&I Department – Kakinada SEZ Pvt Ltd - Proposal of M/s.Kakinada SEZ Pvt Ltd for conversion of Captive Port in Kona Village, Thondangi Mandal, East Godavari District, Andhra Pradesh to Commercial Port through Swiss Challenge Approach as per A.P.Port Policy, 2015 and APIDE Act, 2001 – Approved – Orders - Issued.

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ENERGY, INFRASTRUCTURE & INVESTMENT (PORTS.II) DEPARTMENT

G.O.MS.No. 24 Dated: 01-07-2016

Read the following;

1. G.O.Ms.No.10, I&I (Ports.I) Dept, dated 03-12-2007.
2. Letter No.3855/P.I(1)/2007, TR&B Dept, dated 13-12-2007.
3. Letter dated 29-04-2016 from the Vice President & Head –Ports, Kakinada SEZ Pvt Ltd, Hyderabad.
4. From the Director of Ports, GoAP, Kakinada, Letter No.DoP/D2/3502/2011., dated 10-05-2016 and Letter even No. dated 25-05-2016

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ORDER;

In the G.O. 1st read above, Orders were issued declaring the Kakinada Special Economic Zone as Minor Port in East Godavari District. In the Letter 2nd read above, permission was accorded to M/s.Kakinada SEZ Pvt Ltd to construct captive Port within SEZ to handle only all SEZ cargo subject to the following conditions;

1. The Port conservator being from Director of Ports, Kakinada.
2. Payment of landing and shipping charge levied by Government from time to time.
3. Comply with all procedures, rules and regulations notified for construction and operation of Port by the Government.
4. Payment of all statutory levies and duties as applicable and notified by the State and Central Government; and
5. Submission of Master Plan.

2. In the letter 3rd read above, the Vice President & Head–Ports, Kakinada SEZ Pvt Ltd, Hyderabad has informed that the Kakinada SEZ Pvt Ltd, a subsidiary of GMR Group, is establishing a port based multi-product SEZ spread in U.Kothapalli & Thondangi Mandals of East Godavari District. He has submitted a proposal along with the following for conversion of their Captive Port in Kona village, Thondangi Mandal, East Godavari District to the Commercial Port through Swiss Challenge Approach, as per APIDE Act, 2001 and as per the Port Policy, 2015

1. Swiss Challenge Proposal, Note on Financial Viability and Annexures.
2. Principles of Draft Concession Agreement.
3. Detailed Project Report.

3. He has further stated that as per the A.P.Port Policy- 2015, captive ports would be permitted to handle commercial cargo in line with other Minor Ports by following the Swiss Challenge Policy as enshrined in APIDE Act, 2001 and that in line with the Port Policy, 2015, KSEZ desires to convert the captive port license into a commercial port license through a Swiss Challenge mode as detailed in APIDE Act 2001 and requested the Government to take further necessary steps.

4. The said proposal was forwarded to Director of Ports for detailed examination as per APIDE Act, 2001 and AP Port Policy-2015. The Director of Ports, GoAP, Kakinada has reported that as per the Port Policy, 2015, to cater to the increasing cargo traffic, and to facilitate optimum usage of Port facilities, captive ports can be considered for development into a commercial port operating through PPP mode. The appointment of the developer for such projects would be undertaken through a transparent bidding process, as per the procedure of APIDE Act. Further, as per the APIDE Act, the Swiss Challenge Approach will be followed in any project belonging to Category-II initiated by a Private Sector Participant who is referred to as 'Original Project Proponent', by a suo-motu proposal.

(p.t.o)

5. The Director of Ports has further informed that the proposal mentions in detail the salient features of the Project including the traffic study, available land, time schedule, estimated cost, project financing, viability of the project, employment opportunities, benefits to port users, induced benefits to the state economy, etc. He further stated that the project is likely to create direct employment of 500 and indirect employment of around 4000 people and is likely to be completed within 36 months from the financial closure. He has also stated that Kakinada Deep Water Port does not have any exclusive Port limits and that the port limits of Kakinada Deep Water Port and captive port of KSEZ does not overlap and requested the Government to take necessary further action on the request of M/s.KSEZ Pvt Ltd. He requested Government to examine and consider the request of M/s.KSEZ Pvt Ltd under Swiss Challenge process as per APIDE Act, 2001 and subsequent amendments.

6. Government after careful examination hereby agree to the recommendation of Director of Ports on the proposal of M/s KSEZ Pvt Ltd for conversion of the Captive Port in Kona Village, Thondangi Mandal, East Godavari District to the Commercial Port through Swiss Challenge Approach, duly following the procedure laid down in APIDE Act, 2001, draft PPP Rules, 2012 and as per the A.P.Port Policy, 2015.

7. Since the project is mega infrastructure project, the Director of Ports is instructed to appoint a transaction advisory firm who has the requisite technical, financial, and legal experience for appraising the suo-moto proposals submitted by the project proponent to take forward under Swiss Challenge Mode. He is also instructed to form a Tender Evaluation Committee to review the submission of the transaction advisory firm.

8. The Director of Ports, GoAP, Kakinada is instructed to take necessary further action as per section 19 (II) (IV to VII) of APIDE Act, 2001. He is also instructed to place the suo-moto proposal along with Tender Evaluation Committee Report before the Infrastructure Authority for approval. Based on the recommendations of the Infrastructure Authority, the Director of Ports shall take action for calling competing counter proposals.

9. This order issues with the concurrence of Finance Department vide their U.O.No.FIN-44027/211/2016-SO(FMU(I,E,M)), dated 17-06-2016.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

AJAY JAIN
PRINCIPAL SECRETARY TO GOVERNMENT

To
The Director of Ports, GoAP, Kakinada.
M/s.KSEZ Pvt Ltd, Hyderabad through Director of Ports, GoAP, Kakinada.
The Chairman, A.P. Infrastructure Authority, Hyderabad.
PS to Prl.Secretary to C.M.
PS to Chief Secretary to Govt, A.P.,
PS to Prl.Finance Secretary.
PS to Secretary to Legal Affairs, Law Department.
PS to Prl.Secretary, E, I&I Department.
PS to Spl.Secretary, E,I&I Department.
The G.A (Cabinet) Department.
Sf/Sc.

// FORWARDED :: BY ORDER //

SECTION OFFICER